

CONFIDENTIAL BUSINESS INFORMATION

Ledwith, Cara L.

From: Miller, Jeff
Sent: Tuesday, July 26, 2011 3:45 PM
To: 'Harrell, Ronald'
Subject: Lower Duwamish Waterway Superfund Site - Industrial Indemnity - forwarding Kaiser Gypsum's tender letter
Attachments: 12-21-10 Industrial Indemnity Notice - Kaiser Gypsum.pdf

Ron,

Thank you for your reply to my email yesterday about Kaiser Cement's tender to Industrial Indemnity. We also represent Kaiser Gypsum Company, Inc., and we put Industrial Indemnity on notice of claims against it at the Lower Duwamish Waterway Superfund Site last December (see attached letter). As with Kaiser Cement's tender, we have yet to receive acknowledgment of Kaiser Gypsum's notice letter. Will you please forward this to the managers of your environmental claims unit and ask them to respond?

To be clear, the claims tendered to Industrial Indemnity by Kaiser Cement and Kaiser Gypsum are separate and distinct claims for coverage under Industrial Indemnity policies because Kaiser Gypsum and Kaiser Cement are separate legal entities that owned and operated at different locations on the Lower Duwamish Waterway and received separate Section 104(e) information requests from the EPA. The two entities have separately responded to EPA's information request and continue to incur separate and distinct defense costs. Accordingly, we request that Industrial Indemnity separately acknowledge the two tender letters and assign separate claim numbers for the Kaiser Cement and Kaiser Gypsum claims.

Thank you again for your assistance with these matters.

Regards,

Jeff

KG2005307



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FAX 360.694.6413

Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Aon Risk Insurance Services West, Inc.
c/o Registered Agent
Prentice Hall Corp System
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Aon Risk Services, Inc.
Of Washington
c/o Registered Agent
Corporate Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Aon Service Corporation
c/o Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Industrial Indemnity
Certain Underwriters at Lloyd's, London
Policy No. (Periods): See Enclosed
Claim: Lower Duwamish Waterway Superfund Site

Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property

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that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical

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ATTORNEYS AT LAW

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records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, the companies identified on the enclosed list sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1953 through 1985. The specific policies that we have located to date are listed on the enclosure.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Industrial on notice of this potential claim and request that Industrial provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

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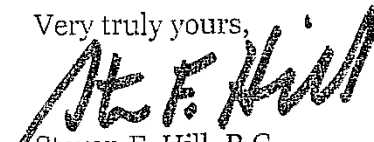


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If you have any questions, please e-mail me at steve.hill@millernash.com
or call me at 360.699.4771.

Very truly yours,



Steven F. Hill, P.C.

Enclosure

cc: Susan M. Breen-Quinn
Brian Kelly
Claire Louis

KG2005311

POLICIES

Carrier: Industrial Indemnity
Policies: JE8312723 (04/01/81-04/01/83)

Certain Underwriters at Lloyd's, London (C.T. Bowring)
PY024577 (10/01/77-10/01/78)
Reed Stenhouse Cert. LUS1294 / PY008381 (04/01/80-04/01/81)
LUS1324 / PY027381 (04/01/81-04/01/84)
LUS1325 / PY027481 (04/01/81-04/01/84)
LUS1326 / PY027581 (04/01/81-04/01/82)
LUS1355 (04/01/82-04/01/83)

**Certain Underwriters at Lloyd's, London
(J.H. Minet / Landis Pelletier & Parrish)**
70107/51910 (03/01/53-03/01/54)
70108/54151 (03/01/54-03/01/55)
73158/LL56155 (03/01/55-03/01/56)
78500/57238 (09/15/55-09/15/58)
75211/LL57956 (03/01/56-03/01/57)
LL2453 (09/17/56-09/17/59)
76128/LL60090 (03/01/57-03/01/58)
79409/62100 (03/01/58-03/01/59)
64500/81538 (03/01/59-03/01/60)
LL65521 (09/15/59-09/15/60)
LL67473 (09/15/60-09/15/61)
LL67477 (09/15/60-09/15/61)
LL69261 (09/15/61-09/15/62)

**Certain Underwriters at Lloyd's, London
(J.H. Minet / Chapman & Co / Landis Pelletier & Parrish)**
79882 (09/15/58-9/15/60)
79883 (09/15/58-09/15/59)
79884 (09/15/58-09/15/60)
79885 (09/15/58-09/15/60)
80900 (09/15/59-12/31/61)
83086 (09/15/60-12/31/61)
83024 (09/15/60-12/31/61)
83143 (09/15/60-12/31/61)

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Certain Underwriters at Lloyd's, London

(J.H. Minet; notice to Landis Pelletier & Parrish)

LL73974 (09/17/53-09/17/56)
LL65521 (09/15/59-09/15/60)
61560/LL69700 (12/31/61-12/31/63)
61561/LL69701 (12/31/61-12/31/63)
64564 (12/31/63-12/31/64)
64022 (12/31/63-12/31/64)

Certain Underwriters at Lloyd's, London

(J.H. Minet; notice to Underwriters Service, Inc.)

LUS1031/LUS1031A/031382000 (12/31/64-01/01/68)
LUS1032/LUS1032A/031383000 (12/31/64-01/01/68)
LUS1033/LUS1033A/301384000 (04/22/65-01/01/68)
LUS1037/LUS1037A/301384000 (06/01/65-06/01/68)
LUS1066/LUS1066A/025114000 (01/01/68-01/30/71)
LUS1067/LUS1067A/025115000 (01/01/68-01/30/71)
LUS1068/LUS1068A/025116000 (01/01/68-01/31/71)
LUS1069 (01/01/68-01/01/71)

Certain Underwriters at Lloyd's, London (Howden)

SCU 956483/ 57545/83 (04/01/83-05/01/84)
XL500280/57546/83 (04/01/83-05/01/84)
XS740072G/58548/84 (05/01/84-04/01/85)
SCU956816/58552/84 (05/01/84-04/01/85)
XS740074G/58550/84 (05/01/84-04/01/85)
XC740075G/58551/84 (05/01/84-04/01/85)
834/58549/84 (05/01/84-04/01/85)

Certain Underwriters at Lloyd's, London

(Sedgwick, notice to Alexander & Alexander / Clifton & Company)

Risk No. UQA0091 (04/01/83-04/01/84)
Risk No. UQA0092 (04/01/83-04/01/84)

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7160 3901 9848 8113 9749

TO: Aon Risk Services, Inc. of Washington
c/o Registered Agent
Corporation Sercie Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

SENDER: MN/Hill/Ledwith

REFERENCE: 030391-0008/0009

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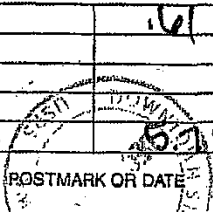
TO: Aon Risk Insurance Services West, Inc.
c/o Registered Agent
Prentice Hall Corp System
300 Deschutes Way SW, Suite 304
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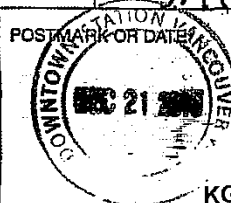
TO: Aon Service Corporation
c/o Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

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REFERENCE: 030391-0008/0009

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